# FOREIGN AGRICULTURE

Kowloon street scene.

August 12, 1974

## Hong Kong's Farm Import Boom
## India Oilseed Output

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

**FOREIGN AGRICULTURE**

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This week's cover:

Street scene in densely populated Kowloon, across Victoria Harbor from Hong Kong Island. Hong Kong's imports of U.S. farm products doubled to about $200 million in 1973-74. See article beginning on page 2.

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# Prosperous Hong Kong Doubles Imports of U.S. Farm Products

By JOHN B. PARKER, JR.
*Foreign Demand and Competition Division*
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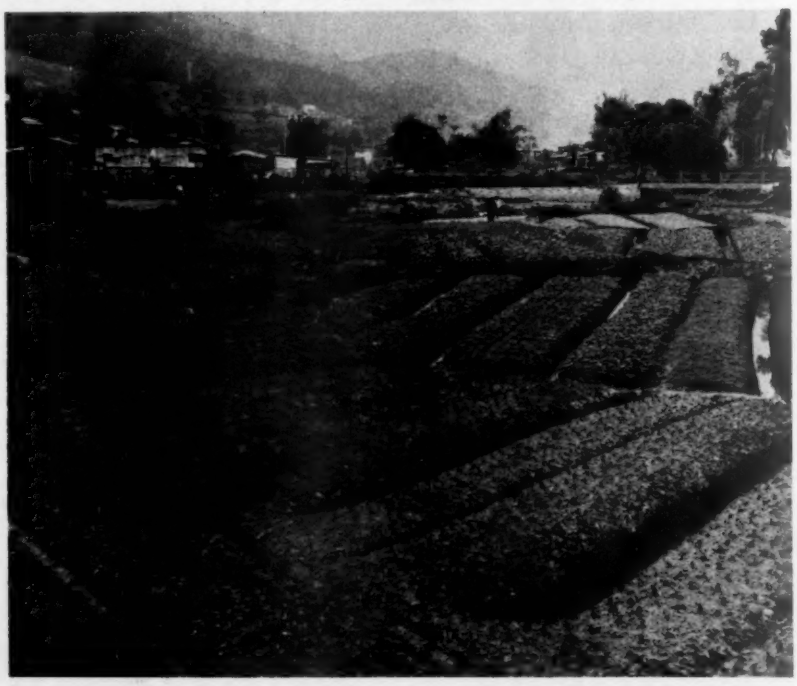
TINY BUT DENSELY populated Hong Kong—less than half the size of Rhode Island—increased its farm imports by 50 percent in 1973 to become Asia's second largest importer of agricultural commodities, trailing only Japan.

Although the U.S. share of this burgeoning trade is still relatively moderate, Hong Kong's imports of U.S. farm products rocketed to about $148 million in 1973—more than double the previous year's $68 million. The volume of Hong Kong's imports of U.S. rice, wheat, citrus, and cotton gained dramatically. And, although Hong Kong is a widely used transshipment center, only about 5-10 percent of U.S. farm products was reexported to other markets, mainly in Southeast Asia.

The U.S. share of the $1.3-billion Hong Kong market for farm products advanced to 12 percent last year, despite strong competition from the People's Republic of China (PRC), Hong Kong's leading trading partner, which supplies about a third of farm imports. Imports provided by these two major suppliers continued to climb in early 1974, largely due to shortfalls in deliveries, mainly of rice and cotton, from some developing nations of Asia.

In fiscal 1974, the value of U.S. agricultural products shipped to Hong Kong rose to $204.6 million—up 122 percent from these months of fiscal 1973. The value of U.S. cotton exports gained 225 percent; rice advanced 1,125 percent; and wheat 167 percent. Some less important foods also made astonishing gains, reflecting numerous innovations in containerized shipping of fresh produce and sharply higher prices for these items.

*Vegetable gardening is intensively practiced in the area of Hong Kong known as the New Territories, a 370-square-mile area northeast of the port.*



Hong Kong was the top U.S. market in 1973 for such products as poultry feed, ginseng, catsup, and fresh milk. It was the second leading U.S. market for long-grain rice, oranges, grapes, plums, cherries, melons, celery, lettuce, soups, and baby foods.

Some of the success of these U.S. products in the thriving Hong Kong market can be attributed to market development projects by the Foreign Agricultural Service that enable both wholesale and retail customers to become familiar with U.S. agricultural products.

In 1974-75, these programs will include three activities. A U.S. sales team will visit Hong Kong in February to introduce U.S. agricultural products to major importers, distributors, and wholesalers; foreign buying teams will be encouraged to visit U.S. food manufacturers and distributors; and point-of-purchase programs advertising U.S. foods will be held in some of Hong Kong's major food stores.

**Rice.** Government regulations that required 38 licensed companies to import a specified amount of rice each month contributed to large purchases of U.S. rice in the summer of 1973. When Thailand banned rice exports and PRC sources were committed to supply other markets, the United States remained the only reliable supplier for certain qualities of rice.

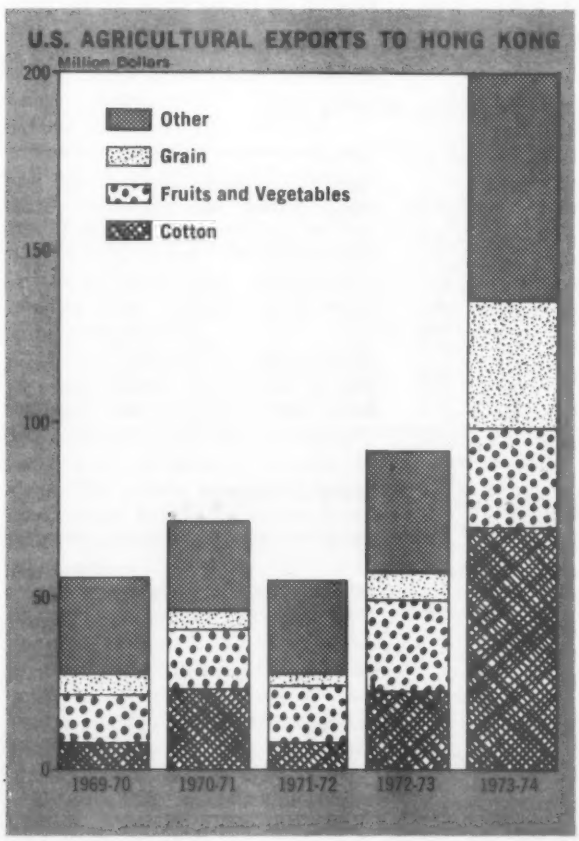
As a result, U.S. rice exports to Hong Kong in 1973 reached 66,000 tons—10 times the 1972 volume. The value vaulted from $1.2 million to $27.9 million. Even so, Hong Kong's total rice imports fell from a peak of 458,148 tons in 1972 to 425,915 tons for $152.9 million in 1973.

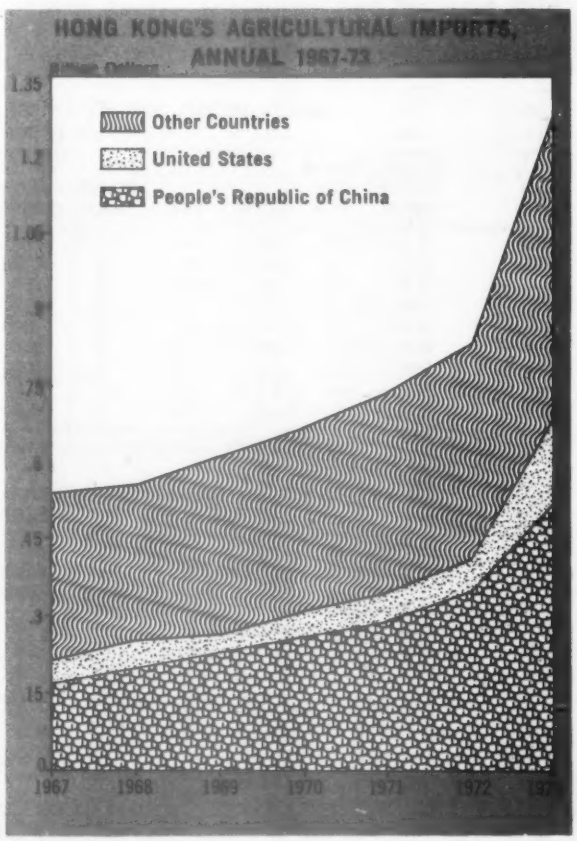
**Wheat.** The United States moved ahead of Australia as the major source of Hong Kong's wheat imports in 1973, supplying 61,038 tons—about 56 percent more than during 1972. When drought reduced Australia's 1972-73 wheat crop, deliveries to Hong Kong in 1973 fell by 20,000 tons—partly accounting for the 22,000-ton increase in purchases from the United States. Further gains in U.S. exports of wheat and wheat flour to Hong Kong are likely in 1974. Japan is the leading supplier of imported wheat flour, followed by the United States and Canada.

**Oilseeds and products.** Most imports of soybeans, peanuts, and other oilseeds are from the PRC, but at various times market opportunities for U.S. suppliers occur. Imports of soybeans from the PRC continued at normal levels in 1973.

Singapore and Japan—both importers of U.S. soybeans—were Hong Kong's major sources of soybean oil imports, which totaled 5,328 tons in 1973. Imports of peanut oil reached 16,221 tons in 1973, including 1,036 tons from the United States. South Africa and the PRC were the leading suppliers.

**Cotton.** Hong Kong's total imports of cotton reached 866,000 bales (480 lb. net) in 1973 for a record $148 million. Imports of U.S. cotton increased from 52,000 bales in 1972 to 257,000 in 1973, while imports from Pakistan fell from 265,000 to 125,000 bales. Imports of Brazilian cotton reached 107,000 bales in 1973—more than double the 1972 level. Tanzania



and the USSR were the only other major suppliers in 1973.

The textile industry accounts for about half of Hong Kong's exports and over 44 percent of its industrial labor force. Recent hikes in prices for synthetic fibers made from petroleum by-products and difficulty in importing cotton yarn resulted in programs to import more cotton.

**Fruits and vegetables.** Attractive prices, improved transportation, and market promotion efforts led to the expansion and diversification of U.S. exports of fruits, vegetables, and preparations in 1973. U.S. export value during 1973 reached $30.7 million—up 34 percent over 1972. Major items in this group in 1973 were (in millions of dollars) oranges, $16.2; grapes, $4.1; apples, $1.8; lettuce, $1; and celery, $0.7.

U.S. exports of table grapes, plums, cherries, and dried fruit to Hong Kong increased markedly in 1973. Exports of canned fruit and juices also scored substantial gains. And the first shipments of California fresh peaches were readily purchased at high prices by Hong Kong shoppers.

U.S. exports of fresh vegetables to Hong Kong are only beginning to develop. The recent rapid growth in sales of fresh tomatoes, celery, lettuce, and green pepper should continue to strengthen. U.S. exports of fresh vegetables to this market could eventually reach a level far above the $2.4 million recorded in 1973. Frozen vegetable exports are also zooming.

**Livestock and meat.** U.S. exports of poultry and beef to Hong Kong more than doubled in 1973-74. By the late 1970's, exports of U.S. meat are likely to rise substantially.

Hong Kong's total frozen poultry imports at 14,769 tons were at the second highest level ever recorded in 1973, and value reached a peak of $11.4 million. The PRC supplied 65 percent of the imports, Denmark 19 percent, and the United States, 10 percent. Even so, imports from the United States in 1973 at 1,509 tons were five times the 1972 level.

Beef imports reached a record 6,431 tons in 1973 for $14.3 million, although only 327 tons for $1.4 million came from the United States. Major suppliers were New Zealand, PRC, Australia, and South Africa.

Despite the rise in U.S. farm exports, the U.S. balance of trade with Hong Kong remains strongly deficit. Total U.S. exports to Hong Kong reached $723 million in 1973, but U.S. imports from the prosperous textile and toy center amounted to $1.4 billion. Of these imports, farm products were only $7.5 million, consisting largely of frozen ducks, prunes, bakery products, and foods used by Chinese restaurants.

With an area of just over 400 square miles, Hong Kong has a population estimated in 1973 at 4.3 million persons—98 percent of whom are Chinese. Rapid population gains and industrialization have created new demands for imported foods, since Hong Kong imports over 80 percent of its food supply and all of the agricultural raw materials used by factories.

Hong Kong's industrial activity centers in the British Crown Colony, created by a war over Chinese trading rights in 1842. The Colony includes the 29 square miles of Hong Kong Island and the densely populated 3.5 square miles of Kowloon, located across Victoria Harbor. The port is considered to be the deepest, largest, and most modern along the China coast and for years has served as China's trade gateway to the West—and the reverse. Now, modern container-handling facilities frequently handle farm products moving between the United States and the PRC.

Northeast of the port is the 370-

*Continued on page 16*

UNITED STATES: EXPORTS OF AGRICULTURAL PRODUCTS TO HONG KONG
[In millions of U.S. dollars]

| Calendar year | Chicken, fresh or frozen | Nonfat dry milk | Wheat | Rice | Wheat flour | Oranges and tangerines | Grapes, fresh | Poultry feeds, prepared | Tobacco | Ginseng | Cotton | Soybean oil | Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1965 | 2.1 | 0.2 | 0.5 | — | 0.7 | 5.1 | 0.8 | 1.3 | 5.1 | 2.7 | 20.4 | 2.5 | 9.8 | 51.2 |
| 1966 | 2.7 | .2 | 1.2 | 0.1 | .6 | 5.3 | 1.1 | 1.9 | 3.3 | 3.9 | 14.3 | .3 | 9.7 | 44.6 |
| 1967 | 3.3 | .1 | 1.5 | 10.0 | .3 | 6.3 | .6 | 1.8 | 4.1 | 4.0 | 17.4 | 1.0 | 11.1 | 61.5 |
| 1968 | 2.6 | .2 | 2.0 | .2 | .4 | 4.3 | .9 | 2.9 | 4.3 | 4.0 | 31.9 | 1.0 | 17.6 | 72.3 |
| 1969 | 2.8 | .2 | 2.2 | 3.5 | .4 | 7.4 | 1.7 | 3.0 | 3.6 | 5.1 | 11.7 | .3 | 12.7 | 54.6 |
| 1970 | 4.0 | .4 | 3.6 | 2.4 | .2 | 9.0 | 1.5 | 4.1 | 3.7 | 4.6 | 7.3 | 1.5 | 14.9 | 57.2 |
| 1971 | 3.6 | .1 | 2.3 | .9 | .1 | 9.0 | 1.3 | 4.5 | 2.4 | 5.4 | 22.7 | .3 | 16.3 | 68.9 |
| 1972 | 3.6 | — | 2.7 | 1.2 | — | 13.5 | 2.7 | 5.1 | 3.0 | 8.6 | 7.9 | .1 | 19.3 | 67.7 |
| 1973 | 5.8 | .1 | 6.8 | 27.9 | .1 | 16.2 | 4.1 | 7.0 | 2.7 | 8.4 | 36.7 | .1 | 32.0 | 147.9 |

Source: Bureau of the Census, U.S. Department of Commerce.

UNITED STATES: EXPORTS OF AGRICULTURAL PRODUCTS TO HONG KONG BY VOLUME
[In 1,000 metric tons]

| Calendar year | Chicken, fresh or frozen | Nonfat dry milk | Wheat | Rice | Wheat flour | Oranges and tangarines | Grapes, fresh | Poultry feeds, prepared | Tobacco | Ginseng | Cotton[1] | Soybean oil |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1965 | 4 | 1 | 8 | — | 8 | 25 | 3 | 9 | 3 | 1 | 177 | 8 |
| 1966 | 5 | 1 | 18 | — | 8 | 30 | 4 | 13 | 22 | 1 | 138 | 1 |
| 1967 | 7 | — | 21 | 49 | 3 | 35 | 2 | 12 | 3 | 1 | 179 | 3 |
| 1968 | 7 | — | 30 | 32 | 4 | 21 | 3 | 19 | 3 | 1 | 315 | 4 |
| 1969 | 6 | — | 33 | 19 | 4 | 43 | 4 | 20 | 2 | 1 | 116 | 1 |
| 1970 | 8 | 1 | 59 | 13 | 3 | 50 | 4 | 97 | 2 | 1 | 66 | 5 |
| 1971 | 8 | — | 36 | 5 | 1 | 47 | 3 | 26 | 1 | 1 | 185 | 1 |
| 1972 | 8 | — | 41 | 6 | — | 65 | 5 | 24 | 2 | 1 | 61 | — |
| 1973 | 7 | — | 89 | 66 | 1 | 76 | 7 | 30 | 1 | 1 | 239 | — |

[1] In 1,000 running bales. Source: Bureau of the Census, U.S. Department of Commerce.

# Little Change Yet in PRC-Japan Farm Trade

By BRYANT WADSWORTH
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*Tokyo*

CONTRARY TO SOME expectations, normalization of Chinese-Japanese diplomatic relations — in September 1972—has not brought a spurt of Chinese agricultural shipments to Japan. In fact, on a quantity basis such exports were actually off in calendar 1973 from those of the previous year, although their value did rise sharply as a result of last year's worldwide surge in raw-material prices.

Japanese customs receipts for calendar 1973 show imports of selected agricultural products from the People's Republic of China (PRC)—listed in the table—climbing 52.2 percent in value to $471.2 million. In terms of quantity, however, they fell nearly 9 percent.

By contrast, Japan's farm imports last year rose 62 percent in value to a record $8.9 billion.

On a quantity basis, imports from the PRC declined sharply for corn (off 97.4 percent), soybeans (10.9 percent), raisins (16.5 percent), dried beans (19.9 percent), peanut butter (36.8 percent), and wool (37.1 percent).

Quantity increases occurred in eggs and egg products (up 67.3 percent), hides and skins (33 percent), rice (2,717 percent), feedstuffs (70.8 percent), fresh grapes (42.5 percent), canned peaches (118.5 percent), leaf tobacco (18.2 percent), and cotton linters (43 percent).

Goat and horse hides accounted for the gain in hides and skins, and the imported rice—totaling 4,282 metric tons—was sweet rice or "mochigome," used to make traditional Japanese rice cakes. The growth in feedstuff imports came mainly in fishmeal, while soybean meal imports from the PRC fell nearly 20 percent.

Reflecting Chinese efforts to expand cotton textile production and trade, Japanese imports in this category rose a total of 125.1 pecent. This included a 792 percent leap in volume of cotton yarn purchases, a 671 percent gain in cotton fabric other than grey cloth, and 92 percent in grey cloth.

In terms of value, cotton textiles ($57.2 million) and raw silk ($207.5 million) accounted for more than half the total value of the agricultural imports under consideration.

The only agricultural commodity shipped to the PRC by Japan in significant quantity was soybean oil (3,204 metric tons). However, Japan shipped 1.9 million metric tons of fertilizer to the PRC in calendar 1973 for an increase of 182 percent from 1972.

Despite the PRC's advantage in this two-way agricultural trade, Japan holds the favorable position in total trade by virtue of its large exports of industrial products to the PRC.

A need to balance this trade, plus the two countries' proximity and other factors led sources to believe that normalization of trade relationships might bring a sharp increase in their trade—possibly to the detriment of U.S. agricultural sales in Japan.

One reason this has not happened is that a number of PRC items that would be competitive with U.S. products cannot enter Japan because of animal or plant quarantine restrictions. Products included are citrus fruits; melons and certain other vegetables; and uncooked beef, pork, lamb, or mutton.

Another reason is that the PRC, in its race to keep up with domestic food needs and to develop light industry, simply does not have available for export the soybeans, feedgrains, and similar products that would be in direct competition with U.S. exports.

JAPAN: SELECTED AGRICULTURAL IMPORTS FROM THE PRC, 1972-73

| Item | Quantity [In metric tons] 1972 | 1973 | Percent change |
|---|---|---|---|
| Live animals | 11 | 10 | −13.6 |
| Meat[1] | 15,180 | 14,457 | −4.8 |
| Eggs and egg products | 4,416 | 7,390 | +67.3 |
| Hides and skins | 602 | 800 | +33.0 |
| Horse hides | (43) | (278) | +546.5 |
| Goat skins | (59) | (305) | +416.9 |
| Mink skins | (0) | (.2) | — |
| Leather | 44 | 158 | +260.3 |
| Tanned furs and skins | 185 | 446 | +141.4 |
| Grains and cereal preparations | 108,454 | 35,670 | −67.1 |
| Rice | (152) | (4,282) | +2,717.1 |
| Corn | (70,846) | (1,815) | −97.4 |
| Buckwheat and sorghum | (35,974) | (27,775) | −22.8 |
| Feedstuffs | 32,301 | 55,075 | +70.8 |
| Soybean cake and meal | (5,651) | (4,566) | −19.2 |
| Fishmeal | (0) | (1,333) | — |
| Oilseeds | 275,182 | 251,265 | −8.7 |
| Peanuts | (15,727) | (15,427) | −1.9 |
| Soybeans | (253,987) | (226,364) | −10.9 |
| Animal and vegetable fats and oils | 8,944 | 9,598 | +7.3 |
| Tung oil | (8,040) | (8,943) | +11.2 |
| Rice bran oil | (104) | (273) | +161.5 |
| Fruits and vegetables | 100,973 | 106,988 | +6.0 |
| Grapes, fresh | (285) | (407) | +42.5 |
| Raisins | (2,601) | (2,168) | −16.5 |
| Peaches, canned | (377) | (823) | +118.5 |
| Beans, dried | (51,858) | (41,535) | −19.9 |
| Honey | 5,684 | 5,442 | −4.3 |
| Peanut butter | 1,476 | 948 | −36.8 |
| Tobacco, unmanufactured | 231 | 273 | +18.2 |
| Natural fibers | 22,462 | 24,570 | +9.4 |
| Silk, raw | (7,461) | (7,467) | +.1 |
| Wool | (724) | (455) | −37.1 |
| Cotton linters | (1,120) | (1,602) | +43.0 |
| Cotton textiles | 9,052 | 20,378 | +125.1 |
| Cotton yarn | (204) | (1,815) | +791.7 |
| Cotton fabric, grey | (8,576) | (16,456) | +91.9 |
| Cotton fabric, excluding grey | (273) | (2,105) | +670.9 |
| Total | 585,197 | 533,466 | −8.8 |

[1] Not fresh. Government of Japan, Bureau of Customs.

# France's Young Bull Industry: An Expanding Source of Beef

By LAURENT HEDDE
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*Paris*

*Young bulls are fed intensively for an average 375 days before slaughter.*

FRANCE'S THRIVING young-bull industry, spurred by the incentives of Government assistance and faster return on investment, is headed for a powerful 100 percent increase in output over the next 6 years.

Production of intensively fed, young (12-20 months), noncastrated males began to expand in France in the 1960's. Buyer acceptance was limited during the first few years. Consumers were chary of the meat's light color.

But while the rise in output of young-bulls was slow at first, it was steady, and by 1970 livestock growers in increasing numbers were participating in cooperative feeding of young bulls through about 180 producer groups.

Improved methods of forage production, increased availability of Government loans and subsidies, plus concern over capital investment are among the factors stimulating development of the rapidly growing young-bull industry.

A 1,200-pound animal slaughtered at between 14 and 18 months of age represents a substantially smaller feed investment that one slaughtered at 3 years. If the meat of young bulls—less fatty than that of steers—is somewhat less flavorful, there appear to be no widespread consumer objections.

Also, intensive feeding of male cattle is an established tradition in France. The famous "calves of Lyon" and the "calves of St. Etienne" (male calves fed to 600-700 pounds) have long been in lively demand by a limited circle of consumers.

However, most beef production in France still comes from dairy or dual-purpose cows. In 1970, when the European Community offered premiums for cattle slaughter in order to reduce milk production, these cows accounted for 70 percent of total cattle being slaughtered in France.

Although France is the birthplace of several important meat breeds of cattle, such as Charolais, Maine-Anjou, Limousin, and Blonde d'Aquitaine, cows kept for milk still represent more than 75 percent of the total cow herd.

Female calves not being kept for replacement are generally fed to produce veal. About 3 million calves were slaughtered in 1973. Still, there is a dependable ready supply of calves for fed-beef production.

Also, because 60 percent of French farmers keep dairy cows, and because the average herd size is fewer than 15 cows, existing utilization of farm labor could be improved.

In the early 1960's, expansion of young-bull production was in Friesian and Normandy breeds. To improve yields, crossbreeding (meat-type bulls and dairy cows, for example) came into favor in the industry.

COLLECTIONS CENTERS for week-old calves were organized through cooperatives, and large markets for feeders, such as the one at Chateau Gonthier in the west of France, began operating on regular schedules.

The usual period of nursery in young-bull production is about 100 days. Calves are then tied in stalls for fattening. Floors are slatted or strewn with straw. There is no outdoor feeding. Most feeding operations accomodate from 20 to 200 animals, but farmers often market their output in association with other producer groups representing as many as several hundred farms.

About 50 percent of all feedlots are designed for 50 to 100 animals, 38 percent for fewer than 50 animals, and 12 percent are able to handle more than 100 animals.

The industry is expected to grow rapidly in the next 6 years. As of January 1, 1972, the total number of young bulls on feed was 640,000, and 1 year later the total was 695,000. By January 1, 1974, the number had risen to 938,000, and the projected total for January 1, 1980, is about 2 million.

The feed ration always includes high-protein supplements plus vitamins and minerals, a certain amount of grain (limited by cost), plus bulk forage feed—the base of the ration.

The type of forage used depends on the region where the animals are fed. Byproducts such as dehydrated alfalfa or sugarbeet pulp are used in the Champagne region (east of Paris) and in the Paris Basin. Alfalfa production is regarded as necessary in areas where cereals are cultivated with high yield and poor soil. First-quality alfalfa is generally used in hog rations.

Other regions use corn silage or dehydrated forage where the climate makes it difficult (as in Brittany) to conserve feed. Corn silage generally is made from the whole plant and using the same hybrids, same dates of seeding, and the same cultural methods as corn grown for grain. Trench silos are the most commonly used.

Few beef animals are fed only on grain, as prices of cereals in the European Community are not conducive to this practice. Heavy grain rations are believed by most livestock producers to put too much fat on beef animals. Also, there is a widely held view that pigs and poultry should have first claim on cereals.

CORN SILAGE is used as the base of the ration by 58 percent of beef producers, while 18 percent use alfalfa or dehydrated pulp, 7 percent use dehydrated grain or corn, and 5 percent use dry grain. The remaining 12 percent use other raw commodities.

Government assistance to the young-bull industry takes several forms. In 1962, the French Government, viewing the opportunities within the European Community for free movement of French meat, enacted legislation designed to encourage and develop livestock raising in France.

Under the 1962 Livestock Orientation Law, farm producer groups were given official encouragement to assemble sufficient assets, to develop technically satisfactory production methods, and to assist small farmers in remaining independent of suppliers and buyers.

Today, in addition to pork producer groups and sheep producer groups, the number of cattle producer groups has risen from 139 in 1972 to 180. Of these, about 20 percent produce only young bulls; 30 percent produce young bulls and have another activity, such as calves, cow herds, and feeders; and 20 percent are engaged in a combination of these activities.

The Livestock Orientation Law provides direct subsidies to groups of livestock producers during the first 5 years of their existence. These subsidies are degressive. In general, money to pay advisor-specialists during 5 to 6 years on a decreasing basis can be provided, plus 20 percent of the first year's administrative costs.

In turn, the producer group must meet certain criteria as to volume of sales and financial strength. The group also must follow certain requirements as to health and breeding improvement, and must meet official identification regulations. Also, the group must market a minimum number of animals. For beef, the minimum production for a group is 1,500 animals per year.

The Government also signs guaranteed-price contracts with producer groups whose members agree to sell all their finished animals through the group. In return the Government provides three major forms of support.

The first is a minimum-price guarantee. The Government agrees to pay, if necessary, the differences between the average official quotations and the reference prices guaranteed in the contract. Reference prices are derived directly from the EC orientation prices.

In determining the deficiency payments, the French Government does not take into account the individual selling price, but only the grade of the individual carcass sold by the farmer. Average official prices determined weekly in some important markets are used to calculate payments.

The second form of Government aid is lending. Loans are available when production contracts are signed, and can be for as much as 80 percent of the estimated final value of the animal under contract.

The third type of assistance is the interest premium, which is based on the final value of the animal and on the length of time it has been kept by the grower. All young-bull producers, whether borrowers or not, are eligible for an interest premium.

In spite of the required restraints, which sometimes go counter to a farmer's individualism, the young-bull contracts have attracted a wide degree of participation by livestock producers.

The substantial Italian purchases of young-bull meat in France have become an important factor in French production. The French market absorbs only a part of young-bull production, due to domestic consumer prejudice against the relatively light color and the poor reputation that young-bull meat had during the first few years of the industry's expansion period. The meat of young bulls is not generally as red as the meat from adult animals, especially when compared to the meat of 4- to 6-year-old culled cows.

Some French consumers belive that beef not of a deep red color comes from young animals kept indoors and improperly fed. They believe such meat is lacking in nutritional qualities.

Aside from this prejudice, it is a fact that a certain lack of technical control during the first year of the industry's expansion period resulted in some cases in light-colored meat, due to inadequate feed, and in some unusually dark meat, due to excitement prior to slaughtering. Because of these developments, young-bull meat did not fully enjoy in France the reputation that its tenderness and sanitary qualities warrant.

There have been economic problems as well as technical problems. In 1973, short-term market developments were generally unfavorable to French producers of young bulls. High prices in 1972 and at the beginning of 1973 were reflected in the high cost of calves. Also, the higher prices caused the European Community to lower customs duties on fresh, chilled, and frozen beef and veal from 20 percent to 10

## France's Young Bulls

### Production at a Glance

- Weight at 100 days (end of nursery period; start of feed period): 300 pounds.
- Days on feed: 375.
- Average daily weight gain, 100 days to 15.5 months: 2.4 pounds.
- Weight at 15-16 months: 1,200 pounds.
- Total gain: 900 pounds.
- Yield: 660 pounds carcass weight—55 percent of live weight.
- Feed consumed: 825 pounds concentrate (including 725 pounds dry matter), 550 pounds cereals (including 475 pounds dry matter), 13,300 pounds corn silage (including 4,650 pounds dry matter).
- Feed of 6.5 pounds dry matter yields 1 pound animal weight.
- 1 acre corn silage yields 8,900 pounds dry matter (10,450 pounds production less 15 percent loss), sufficient silage ration for 1.9 young bulls.

percent, with no variable levy. This regulation remained in effect until September 1973.

At the same time, new-country, transitional compensatory amounts, applying to trade between Ireland and the six original EC members were suspended. Also, the Italian lira was allowed to float —it is still floating—and the compensatory amounts added by the Italians are deemed by French traders to be insufficient. In addition, the rate changes weekly, a practice that hampers trade.

The combination of these factors has clearly influenced the French young-bull market, making exports to Italy more difficult while some other countries enjoy export price advantages.

In the summer of 1973, the Government made deficiency payments on three grades of young bulls during June and July. Nevertheless, the lower price level for Grade A young bull-meat (national average, carcass weight basis) of 8.8 francs per kilogram was far above the price of 7.62 francs prevailing in January 1972. (At the official rate, 4.8 francs=$1.00.) For the same grade, the price increased 31 percent in 1972, reaching 10.04 francs. During the same year, the costs of production were estimated at between 8.5 and 9 francs per kilogram (carcass weight basis).

THE DIFFICULTIES encountered by the French young-bull industry since the summer of 1973 are due to a combination of unfavorable circumstances. At the beginning of 1974, animals under contract totaled 320,000, nearly three times as many as 2 years earlier—an increase of 208,000 head. During the same period, total young bulls on feed increased by 300,000 head, boosted principally by the contract gain.

But young-bull meat now appears to be well established on the road to consumer acceptance. Earlier consumer resistance has all but disappeared with recent improvements in quality. There is increased demand for standardized quality meat from institutional consumers as well as from supermarkets. Consumer tastes are shifting. Fewer customers are demanding beef from culled cows or 3-year-old steers. The projection of 2 million young bulls on feed annually by 1980 appears to be a completely realistic goal.

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**For an overview of the French livestock situation, see *Foreign Agriculture*, July 29, 1974.**

# Italy's Rice Output, Exports High, But Further Growth Doubtful

By JAMES LOPES
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ITALY IS THE ONLY major producer of rice in Western Europe and has one of the highest average yields per acre of any country in the world. Italy's rice exports normally total around half its annual harvest, which was a record 1 million tons (paddy) in 1973, but prospects for further expansion of rice production appear somewhat limited.

Italian rice exports have grown from an annual average of 154,000 tons in 1960-64 to a high of 600,000 tons (milled) in 1971, dropping sharply in 1972, but recovering to an estimated 500,000 tons in 1973-74.

West European countries are the major customers for Italy's rice, taking nearly half of total exports in 1971 and 1972. France, West Germany, and Austria are the largest and steadiest purchasers of Italian rice. In more recent years, African countries also have become leading customers, taking 130,058 metric tons in 1972. In the same year, Italy's rice exports to all European markets totaled 176,222 metric tons.

U.S. rice exports to Western Europe in 1972 were 166,000 metric tons and increased to 202,000 tons in 1973. African markets took 152,000 tons and 203,000 tons of U.S. rice in 1972 and 1973, respectively.

Any further gain in Italy's rice production is expected to come mainly through higher yields, although output has not deviated much from about 440 pounds per acre in the past 20 years. The highest yield was attained in 1961 with about 500 pounds per acre. Most of Italy's rice production is mechanized and use of pesticides and new seed varieties is widespread but a slight increase in yields is still considered possible.

Area planted to rice in Italy has been trending upward in recent years to a high of 477,000 acres in 1973. No remarkable increases in area, however, are currently forecast by Italian reports and authorities, partly due to the increasing water shortage for crop irrigation in the northern Provinces.

Most of Italy's rice is grown in the Po Valley between the Dora Baltea and the Adda rivers. Rice growing was started in marshland and small fields that had been drained earlier, but soon rice was planted to land that could be flooded by artificial means only for a period absolutely necessary for planting. One of the determining factors for rice growing in northern Italy was the completion of the Cavour Canal in 1866, which brought about a considerable increase in rice growing in the Po Valley.

Currently the shortage of water is becoming increasingly acute, particularly in northern Italy, due to the mounting use of water by industry. This problem has resulted in a cut in rice area, especially in Pavia and Milano Provinces.

However, a number of farmers who had switched from rice to growing poplars are gradually reverting to rice again because poplar lumber prices have continued to decline. Increased use of plastics for crates has cut heavily into the market for this lumber, commonly used in making vegetable crates. Thus, Italy could expand its rice area somewhat around the poplar growing areas.

Other factors affecting switches in irrigated land use are labor availability and competition from other crops, primarily corn, sugarbeets, forage, fruit, tomatoes, and other vegetables.

The south and central portions of Italy are not suitable for rice production even with the availability of water for irrigation. The low humidity of the air in the south renders production of rice uneconomic and the soil and/or climate in most of central Italy are unfavorable for rice growing.

Until the 1950's, rice required large numbers of farmhands, mainly migratory workers, for transplanting. Today, most of the crop is handled and treated mechanically. Seed planting is done

*Mowing and harvesting rice in Italy, right, where area planted has been trending upward in recent years. No remarkable increases in area over the high of 1973, however, are currently forecast due to the increasing water shortage for crop irrigation. Mechanical transplanting of rice, far right. Most of Italy's rice is grown in the Po Valley between the Dora Baltes and the Adda rivers.*

almost entirely by machine, and harvesting and threshing are done simultaneously by self-propelled combines. Small aircraft have been used for spraying but the helicopter is considered to be the best medium.

One of the biggest problems of modern rice growing is the selection of new high-quality varieties suitable to different soils and climate. About 40 varieties are used and there is a strong tendency to reduce common types and concentrate on fine qualities.

VARIETIES preferred by Italian growers until the mid-1960's were Italpatna, which is very suitable for export markets, and Roma and Ribe. Among the more popular varieties in recent years are the Originario (Americano), Maratelli, Vialone, and Arbario.

Insects are not a serious problem, but blights such as blast, brown leaf spot, and stem rot do occur.

Although all rice production is grown on irrigated area, extreme weather conditions, such as excessive rains in April when rice is planted and drought during the growing period up to harvesting—which extends from the end of May to mid-October—can greatly reduce yields. Circumstances like these caused decreased outputs in 1965 and 1968.

Expansion in rice growing throughout the past century has witnessed many complications. A great number of difficulties have had to be overcome, such as the great crisis of surplus rice of poor quality of 1880-1890, the setbacks of 1928-1933, and the slump during World War II. The current satisfactory rice growing conditions are due to almost complete mechanization, widespread use of chemical weed killers, careful selection of seedlings, and the European Community's Common Agricultural Policy for Rice.

Among the members of the EC, only Italy and France grow rice. French production has been declining rather steadily due to greater profitability of other crops and now accounts for less than 10 percent of EC production. France relies on rice imports for more than three-fourths of its consumption. The United States supplied 27,000 tons valued at nearly $10 million in 1972; in 1973 the U.S. share declined to 16,000 metric tons valued at $5.4 million.

French growers have been opposed to any reduction in the price of rice and EC authorities have been forced to accept the French prices as a minimum, which has led automatically to a considerable increase in the cost of Italian common varieties. Italy does not produce long grain varieties such as those produced in the United States and Far East. This has often resulted in Italy's having surplus rice that could not be exported to non-EC members without subsidies.

EC regulations for marketing rice became effective in September 1964. The system of fixing a domestic price for the crop was replaced by one resembling the EC price mechanism for other grains. (*Foreign Agriculture*, Oct. 2, 1972).

Italian rice producers have not had much incentive to expand production since 1969 when the difference between world and EC prices for rice began to widen due to the fall in world prices. A further disincentive to rice production has been the difficult position in which Italian exporters have found themselves and their need for export restitutions or subsidies. However, the situation changed rapidly in 1973 when world demand and rice prices hit rec-

*Continued on page 16*

ITALY: RICE EXPORTS BY MAJOR AREAS OF DESTINATION, 1968-1972 [1]
[In metric tons]

| Area | 1968 | 1969 | 1970 | 1971 | 1972 |
|---|---|---|---|---|---|
| Africa | 20,934 | 20,599 | 126,572 | 170,842 | 130,058 |
| Asia | 52,095 | 36,562 | 117,736 | 43,506 | 57,984 |
| Europe [2] | 101,780 | 103,916 | 84,994 | 196,943 | 176,222 |
| EEC | 72,761 | 63,806 | 49,981 | 70,968 | 94,495 |
| EFTA | 24,320 | 37,110 | 31,857 | 93,101 | 72,438 |
| Communist countries | 5,439 | 15,619 | 2,500 | 23,181 | 4,685 |
| Other | 5,489 | 1,860 | 15,670 | 3,593 | 2,720 |
| Total | 185,737 | 178,546 | 347,472 | 438,065 | 371,669 |

[1] Milled (60 percent of paddy). [2] Includes other European countries.
Note: Selected areas only. Source: U.N. Trade Statistics.

# India's Outturn of Oilseeds Up, But Falls Short of Demand

By OLDRICH FEJFAR
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INDIA'S estimated 1973-74 production of major oilseeds—12.1 million metric tons—is likely to be a strong 21 percent above the 10-million ton crop of 1972-73, but still far short of meeting all domestic requirements. Estimated 1973 exports of oilseeds and their products have exceeded the calendar 1972 level.

The new estimate for the current crop is 3 percent below the 12.4 million tons harvested in 1971-72. Earlier this season, production in the current crop year was estimated at 12.7 million metric tons, but the figure was revised downward to reflect lower anticipated yields of rapeseed, mustardseed, and cottonseed.

Area planted to oilseeds during 1973-74 currently is estimated at about 61 million acres, compared with about 59 million acres in 1972-73 and 63 million acres in 1971-72.

Peanut crop in 1973-74 is estimated at 6 million metric tons, compared with the Government estimate of only 3.9 million tons in 1972-73. Prices are higher, due to scanty supplies and the slow refilling of supply pipelines.

Sesame and castorseed supplies are estimated to be larger at 450,000 and 210,000 metric tons, respectively, compared with last year's harvest of 355,000 and 175,000 tons.

Sowing and growing conditions for rapeseed, mustardseed, and flaxseed through December 1973 were very good. But a lack of moisture in January and February plus frost and cold weather severely affected the rapeseed and mustardseed crops, and production is now revised downward to 1.5 million metric tons, compared with the 2 million tons estimated earlier. Production in 1972-73 was 1.85 million tons. Flaxseed crop has not been much affected by weather, and is estimated at 500,000 tons, compared with 439,000 tons in 1972-73.

Coconut crop in 1973-74 is estimated at 900,000 metric tons of copra, up slightly from the 875,000 tons produced in the 1972-73 crop year.

Production of cottonseed is expected to be down to about 2.3 million metric tons in 1973-74. As the importance of cottonseed as an edible seed oil is more widely recognized, more cottonseed is crushed. The oil is used chiefly in the manufacture of vanaspati (hydrogenated vegetable oil), a substitute for costlier peanut oil.

Safflower production is estimated at 225,000 metric tons, compared with only 150,000 tons in 1972-73. The flow of the crop has been reasonably good.

Exports of oilseeds and products during calendar 1973 were higher than in 1972. Most of the increase was in exports of castor oil and cottonseed cake and meal. There was also a small increase in exports of peanuts late in 1973, due to anticipation of a large 1973-74 crop.

Nearly 82 percent of peanut exports during January-September 1973 went to Communist countries. About 17 percent went to Western Europe.

EXPORTS of 4,090 tons of mustardseed were unusually large last year, and were mostly to the neighboring country of Bangladesh.

Exports of edible oils in calendar 1973 were about 2,000 metric tons, compared with 1,573 tons in 1972. Most of this volume was rapeseed oil, and went to Bangladesh. The remaining quantities were peanut oil, coconut oil, and hydrogenated vegetable oil, which were exported to Nepal and some Middle East countries.

Inedible vegetable oil exports in calendar 1973 are estimated at 57,000 metric tons, compared with 46,522 tons in 1972. Of the total, about 50,000 tons were of castor oil, compared with 41,499 tons in 1972. About 5,000 tons were cashew shell oil, and the remainder was linseed oil.

Exports of castor oil during calendar 1973 were the largest on record. An estimated 22,000 tons went to Communist countries, 16,000 tons to Western Europe, 5,000 tons to the United States, 4,000 tons to Japan, and 3,000 tons to other countries.

Peanut meal exports in 1973 totaled 817,833 metric tons, as compared with 855,290 tons in calendar 1972. Japan was the largest single purchaser, with 186,537 metric tons, the USSR 102.195 tons, United Kingdom 89,994 tons. Other markets were Poland, the Netherlands, Italy, and Czechoslovakia.

Exports of decorticated cottonseed cake and meal were a record 250,627 metric tons in calendar 1973, compared with only 127,453 tons in 1972. About 100,000 tons went to Western Europe, including 26,481 tons to Italy, 20,838 tons to the United Kingdom, and 13,516 tons to the Netherlands.

Prospective exports in calendar 1974 are not quite as good. Due to domestic shortages, however, there is resentment among consumers against exporting at the cost of India's domestic needs. Exports of edible oils will be small, mostly to Bangladesh and Nepal. Although Indian prices of castor oil are at parity with world prices, it is now doubtful if exports will reach the 1973 level. Also, the Government's policy on exports is not conducive to large exports, due to procedural delays and the margin of profit demanded by the State Trading Corporation of India.

Exports of linseed oil have increased in 1974, due to higher world prices. But export demand for peanut meal is slow, due to the decline in world prices, and exports of cottonseed cake and meal are not expected to exceed 200,000 metric tons, compared with 250,627 tons in calendar 1973. There are no export incentives on export of any cake

*Harvested coconuts in India, such as those at left, are expected to yield about 900,000 tons of copra in the 1973-74 crop year. Top, a coconut supplies an Indian with a cool, refreshing drink. Right, Asiriya Mwitunde peanuts, a Tanganyikan variety, are grown in quantities in the south of India.*

or meal. The export duty of 125 rupees (7.6 rupees = $1) per metric ton on peanut meal continues in effect.

Imports of oilseeds and edible oils also were larger in calendar 1973 than in 1972. Domestic demand is up, while domestic production is not. Hence, the need for imports has become imperative. Total imports, January-August 1973, of oilseeds and products included 1,274 tons of copra, compared with 6,655 in 1972; 54,764 tons of mustardseed, compared with 11,276 in 1972; 15,522 tons of other oilseeds, compared with 5,873 tons in 1972; 34,560 tons of soybean oil, compared with 55,204 tons in 1972; 8,068 tons of rapeseed oil, compared with only 3 tons a year earlier; 14,922 tons of palm oil, compared with 2,078 in 1972; and 315 tons of other oils, compared with 939 tons a year earlier. Most of the imported soybean oil came from the United States.

The outlook for further imports of oilseeds and edible oils is clouded by higher world prices and India's tight foreign-exchange situation. Imports during the second quarter were minimal. Physical stocks of imported oils in April amounted to about 25,000-30,000 tons, sufficient to last until about mid-June. The supply situation in the July-September quarter will be difficult.

Almost all the oilseeds produced in India are crushed domestically, and almost all oil thus produced—except for some castor oil and linseed oil—is consumed in the domestic market. Because of rising population, demand is increasing steadily, and domestic consumption is supplemented with imports—chiefly copra, rapeseed, soybean oil, rapeseed oil, and palm oils.

Per capita consumption of both edible and inedible oils, including butter and ghee (clarified butter), declined from 13.4 pounds in 1971-72 to 11.6 pounds in 1972-73, but increased to an estimated 12.2 pounds in 1973-74.

PRODUCTION of vegetable oils during the 1973-74 season currently is estimated at 2.7 million metric tons, compared with 2.3 million tons in 1972-73, but is less than the 2.8 million tons produced in 1971-72.

Total availability of fats and oils in India, including butter and ghee and imports, has increased from 3.1 million tons in 1972-73 to 3.3 million tons in 1973-74, but has decreased as compared with the 3.5 million tons available in 1971-72. Because of the lower availability this year, supplies are tight and prices are higher.

In view of the present and projected level of imports this fiscal year, there is a deficit of about 200,000 metric tons of oils for domestic consumption, compared with 1971-72. However, taking into account the population increase this year and allowing the same per capita consumption as in 1971-72, the shortage of vegetable oils this fiscal year is much larger—about 325,000 metric tons.

Vanaspati production in calendar 1973 dropped to 430,875 metric tons, compared with 575,464 tons in 1972. A further drop in production this year is possible as a result of short supplies of edible oils. The shortage of vanaspati is likely to worsen.

PRICES OF OILSEEDS and products rose sharply and reached record levels in calendar 1973. This situation was largely due to low output of peanuts in the 1972-73 year and a lack of adequate imports to offset the deficit.

Prices of oilseeds and products are expected to remain firm this year. Edible oil prices are particularly vulnerable to upward pressures.

The Government has proposed a gradual takeover of the Indian oilseeds trades through a corporation similar to the Food Corporation of India. Procurement and sale of oilseeds, as well as processing, is contemplated. Whether the Government will press the takeover plan this year is debatable.

While the capacity of the oilseed crushing and processing industries is large, India's production of oilseeds continues to be disappointing. The total oilseed crop position this season has improved as compared with 1972-73, but acute domestic shortages exist which can only be met through imports.

Scope of imports of edible oils from the United States exists, but due to the shortage of foreign exchange—particularly in view of the shortages of foodgrain and energy—cash purchases may be both difficult and limited.

Export demand continues for Indian castor oil and for linseed oil, cake, and meal, but exports probably will be limited by the present low inventories and high domestic prices.

# Philippine Grain Imports Continue To Mount, May Hit Record in 1974-75

Sizable imports of wheat, corn, and rice to the Philippines are expected to continue—and may even increase—in 1974-75, as that country attempts to meet domestic needs and, at the same time, approach and maintain comfortable stock levels.

With fairly stable wheat prices, wheat and flour imports this year to the Philippines could reach a record 630,000 metric tons, compared with the 1973-74 import estimate of 550,000 tons (grain equivalent). Slightly more than three-fourths, or 480,000 tons, of 1974-75 imports may be of U.S. origin.

Wheat imports in 1973-74 in the Philippines were down from the 613,000 tons imported during 1972-73. The decline occurred as flour millers slowed purchases in response to high import costs and the reluctance of the Government to increase the price ceiling on flour.

On March 1, however, the retail price ceiling on flour was raised from $40 per 50-pound bag to $60 per bag. This new price ceiling should speed up purchases, especially if wheat prices continue to decline.

According to the most recent estimates, the United States is forecast to supply 430,000 tons of the Philippines 1973-74 wheat and flour imports. This is 30,000 tons above the earlier estimate, and up from last year's shipments of 412,000 tons. Most of the remainder has been coming from Canada under an agreement signed in September 1972. Although there is no current agreement for imports in the new fiscal year, it is assumed that Canada will try to supply some of the requirement as in past years. Per capita consumption in 1974-75 in the Philippines will increase, but will still be 15 percent below the 1971-72 intake.

Corn production in the Philippines in 1974-75—with favorable weather conditions—should about equal the current crop, officially forecast at 2,342,000 metric tons, from nearly 7 million acres planted. This figure represents a 28 percent larger outturn and 22 percent higher acreage, compared with that of the poor 1972-73 crop.

Production was insufficient to meet 1973-74 consumption requirements, and, consequently, 90,000 tons will be imported during the year: 77,000 tons from the United States and the remainder from Thailand. Imports—which are solely for use by commercial feed millers—released domestic white corn for human consumption and helped ease the tight rice supply situation. To meet consumption requirements and maintain desirable stock levels, Philippine corn imports will again total about 100,000 tons.

In March, the National Grains Authority (NGA) purchased 100,000 tons of U.S. corn; of this amount, 55,000 tons were scheduled to arrive during fiscal 1974, with the remainder coming during fiscal 1975. Also reported is the NGA purchase of 18,000 tons of sorghum from Australia for use by feed millers. Both of these purchases were made to increase total grain supplies and release more white corn for human consumption, thus easing the rice supply situation.

According to trade reports, the NGA has asked for bids on the purchase of another 20,000 tons of corn. But because the bid specifies bagged corn, it is more likely that it will be supplied by Thailand rather than by the United States.

Corn may be promoted again this year as a substitute for rice in Manila and other urban areas of the Philippines—a consequence of the rice shortage predicted to develop during July-September of this year.

The most recent official estimate places the 1973-74 rice crop at 3,590,000 metric tons (milled) from a crop harvest area of about 8.9 million acres. Although 727,000 tons larger than the flood- and drought-hit 1972-73 crop, this is still 260,000 tons short of estimated requirements.

Total 1973-74 rice imports by the Philippines are estimated at about 320,000 tons. Because of the short 1973-74 crop, stocks as of June 30 were only slightly above last year's critically low level.

While most rice is still being sold at the price ceiling level of 86 U.S. cents per pound, it is unlikely that the Government will be able to hold prices at this level during the lean months. While the situation is not as serious as last year's, the NGA again will sell rice and corn at controlled prices, as commercial prices rise.

Import requirements for fiscal 1975 have been set at 250,000 tons. Although the Government is still looking for rice to import for arrival through September, it has been reluctant to buy because of high prices.

Recently, however, the Philippines purchased 30,000 tons of broken rice from Thailand at about $440 per ton. The only other rice still to arrive is a small amount of Japanese brown rice purchased in 1973 under a long-term concessionary price arrangement. An additional 50,000-100,000 tons of rice is expected to be imported in the near future, with the remainder coming later in the year.

*—Based on report from Office of U.S. Agricultural Attaché Manila*

## Guatemala's Revised Export Tax Scheme Ups Rates on Cotton

Raw cotton is one of five traditional farm exports included in a recently revised Guatemalan Government progressive export tax scheme. The legislation calls for an excess profits tax to be levied beginning October 1, 1974, on exports of raw cotton, coffee, sugar, meat, and fish.

Three principal regulations affect raw cotton. The first is a new tax to vary according to the amount by which the f.o.b. value is in excess of 50 cents per pound on the date of registration of the contract. The progressively higher tax rates will be assessed in addition to the fixed rate of US$3.55 per bale (480 lb. net) on raw cotton sold at a price up to 50 cents per pound. The second regulation provides that raw cotton exported at prices in the range of 50.01-55.00 cents per pound will bear a tax at the rate of 5 percent on the excess. Prices of 55.01-60.00 cents will have a tax of 45 percent more. Thirdly, all contracts must be registered with the local authorities within 15 days of the negotiation of the business.

The new tax regulations will be applicable to the 1974-75 crop (harvested between January-March) and to 1973-74 crop stocks that remain unsold as of October 1, 1974. All such export taxes will be deductible from income tax obligations.

# CROPS AND MARKETS

## GRAINS, FEEDS, PULSES, AND SEEDS

### Canada Implements Feedgrains Program

On July 29, Canada indicated that its new feedgrains policy, announced on May 22, would be implemented on August 1, 1974, the beginning of the new crop year.

The new policy provides for a national market for feedgrains, with prices based on supply and demand; assurance of supplies for the domestic market; a price guarantee to producers for commercial sales to the market not under board control; a special reserve stock of feedgrains at Thunder Bay; provision for implementation of a delivery quota system by the Wheat Board if necessary; and a comprehensive information system.

Canada's Grain Commission, Livestock and Feed Board, and Wheat Board have consulted with the elevator companies and the grain trade in developing the operating bases of the new program.

A result of the new policy was the opening, on July 25, of trade in domestic feedgrains on the Winnipeg Commodity Exchange.

To ensure that domestic requirements for feedgrains are met, for a temporary period, the Canadian Wheat Board will offer feedgrains to the open market through the Exchange, at prices related to prevailing United States corn prices.

The Board will make feed wheat, oats, and barley available from its stocks to the open market until such time as the operation of the open market is meeting domestic requirements.

In addition, effective immediately, the Board will post its asking export prices for feed wheat, oats, and barley on a daily basis.

### Canada Tightens Flour Export Permits

The Canadian Wheat Board is taking action to tighten flour export permits. Some reports indicate that Canadian flour has appeared on U.S. markets at dumping prices.

Canadian millers pay only $3.35 per bushel for wheat purchased for domestic consumption, but must pay the Board export price—now above $5.00 per bushel—for wheat milled for export. If flour produced from wheat purchased at the domestic price enters export channels, it would be at a clear advantage, given today's world price levels. Export permits are being tightened to prevent such illegal movement.

### Rains Delay USSR Grain Harvest

This year's harvesting of grain in the USSR has been unusually slow in developing primarily because of the late ripening of the crop and rainy weather in European USSR. As of July 22, only 38.5 million acres, or 13 percent of the sown area (excluding corn) had been cut, representing an area only about two-thirds of the average cut as of the same date the previous 4 years.

In the USSR much of the grain is harvested in two stages. First, it is cut and windrowed, and then, threshed with a combine. Inclement weather has retarded the drying of grain in the windrow with the result that only 58 percent of the cut grain has been threshed, compared to an average of almost three-fourths during the previous 4 years. Continued rains could adversely affect grain quality.

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | Aug. 6 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 1 CWRS-13.5 | 5.63 | −22 | 5.07 |
| USSR SKS-14 | (1) | (1) | (1) |
| Australian FAQ[2] | (1) | (1) | (1) |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 5.42 | −38 | 4.80 |
| 15 percent | (1) | (1) | (1) |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 5.20 | − 9 | 4.77 |
| No. 3 Hard Amber Durum | 7.65 | +26 | (1) |
| Argentine | (1) | (1) | (1) |
| U.S. No. 2 Soft Red Winter | (1) | (1) | (1) |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 4.05 | +26 | 3.68 |
| Argentine Plate corn | 4.18 | +20 | 3.92 |
| U.S. No. 2 sorghum | 3.78 | +28 | 3.43 |
| Argentine-Granifero sorghum | 3.82 | +26 | 3.40 |
| U.S. No. 3 Feed barley | 3.33 | +15 | 3.01 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 9.01 | −87 | 8.76 |
| EC import levies: | | | |
| Wheat[3] | [4] 0 | 0 | .12 |
| Corn[5] | [4] 0 | 0 | .14 |
| Sorghum[5] | [4] 0 | 0 | .36 |

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in UK, Denmark and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bushel lower than those of other EC countries. Note: Price basis 30- to 60-day delivery.

### Japan Ups Producer Rice Price

The Japanese Government, under strong pressure from farmers, has raised the producer rice price 37.4 percent. The increase is 12 percent higher than the Ministry's recommendation, and more than double last year's gain.

Although tightening world grain supplies have caused the Japanese to encourage domestic production, the emphasis is not on rice, which has been in surplus for the past few years, even as acreage declined. Instead officials hope that up to 2 million tons of Japan's rice production can be replaced with wheat and barley.

Last year, high producer prices and low consumer prices created a deficit of $2 billion in the Government's rice account. Although a decision on consumer rice prices reportedly will not be made until September, it appears likely that most of this year's increase in producer prices will have to be shouldered directly by consumers.

### Israel Reports Record Wheat Output

Wheat production in Israel this year may well reach 300,000 tons, matching the record 1972 crop. Average yield is estimated at 48 bushels per acre.

The Minister of Agriculture hopes that within 5 or 6 years, Israel will reach an average yield of 73 bushels per acre and be self-sufficient in wheat. Some farmers are already averaging around 110-125 bushels per acre, and with newer disease-resistant strains and supplementary irrigation, yields could be further increased.

Wheat area has remained relatively stable since 1967. This year about 250,000 acres were planted. The large 1974 crop is considered remarkable in view of the 1961-65 average of 90,000 tons, and, even as recently as 1970, only 125,000 tons were produced.

## SUGAR AND TROPICAL PRODUCTS

### Brazil Increases Coffee Support Price

The Brazilian Coffee Institute (IBC) has recently announced an increase in the support price for the most common type of coffee amounting to approximately 35 percent. Effective October 1 this measure strengthens the bargaining position of the farmers who can now obtain credits from the banking system on the basis of the new support price, using coffee as collateral.

Farmers have been reluctant to sell current crop coffee at prevailing prices, alleging that higher prices are needed to compensate for increased costs. Thus the new support price may slow the flow of Brazilian coffee to world markets in coming months to the extent that farmers hold coffee off the market.

The minimum export price, fixed by the IBC at 68 U.S. cents per pound for June, is to remain at that level until September 30, 1974.

## OILSEEDS AND PRODUCTS

### Soviet Vegetable Oil Output Up

During September 1973-June 1974 Soviet production of vegetable oil rose to 2.83 million metric tons, compared with 2.17 million tons for the same 10 months of 1972-73.

In recent years Soviet State-owned resources have accounted for about 90 percent of total Soviet vegetable oil production. The bulk of this year's increase of vegetable oil production reflects expanded crushings of sunflowerseed from the record large 1973 crop. Current prospects for 1974 crop output indicate some decline from last year's record volume, reflecting reduced yields, but acreage is estimated about unchanged from last year's level.

Despite the sharp increase in Soviet vegetable oil production, prices for sunflower (oil basis, Europe) have continued at about $950-$975 per metric ton. Thus it appears there has been no substantial increase in export sales. Expectations are that a large share of the increase in Soviet production would be needed to replenish stocks and that no substantial increase in sales would take place before the outcome of this year's harvest is realized.

### Brazil Halts MEP On Castor Oil Exports

The Government of Brazil eliminated the minimum export price (MEP) provision from its castor export policy in mid-July. This action is in response to poor export sales and a heavy accumulation of castor oil stocks in recent months. The MEP had been fixed at $870 per metric ton for castor oil, f.o.b., Brazilian ports.

With elimination of the MEP, castor oil reportedly was traded heavily at $715-$725 per ton, f.o.b. Foreign bids for castor oil will continue to be subject to the approval of major Brazilian trading firms. U.S. castor oil importers have been concerned over Brazil's export policy of limited exports and fixed pricing policies.

## DAIRY AND POULTRY

### Canada Buys Australian Butter

Canada has made its initial 1974-75 purchase of Australian butter in a transaction valued at US$1.5 million. According to the Australian Dairy Produce Board, the price was considerably higher than that obtained last year.

The average price for Australian butter sold overseas has shown a substantial increase over last year's average. Export sales of butter averaged US$53.81 a hundredweight (cwt.) during May 1974, compared with the average export price in July 1973 of US$37.77.

### Irish Exports of Butter And Cheese Up, Milk Down

In 1973, Irish exports of butter were up 30 percent from those of 1972, totaling almost 50,000 metric tons. Cheese exports rose 50 percent, reaching almost 40,000 tons. Exports of milk and cream were down, while imports of fresh milk and cream soared to a level exceeding the volume of comparable exports, because of shortages of fresh milk for direct shipment.

### Japan Buys Australian Milk Powder

Japan has agreed to purchase 5.000 tons of skim milk powder from Australia, valued at US$4.47 million. The skim milk powder is destined for Japan's school lunch program, which provides lunches for 14 million Japanese children. This sale of skim milk powder by Australia follows a continuing firming of prices, and the price—about 40 U.S. cents per pound—was the highest received so far for any skim milk powder sale from Australia contracted on a long-term basis.

### Hong Kong Imports U.S. Table Eggs

Two Hong Kong importers have reported what is believed to be the first significant purchase of U.S. table eggs for the Hong Kong market. One container of Grade AA large eggs arrived in late June and was distributed promptly to egg wholesalers and the institutional trade. The importing company receiving this container expects several more to arrive over the next few weeks.

These imports resulted from the combined efforts of the

U.S. Agricultural Officer in Hong Kong and the Far East Director of the Poultry Egg Institute of America, the U.S. poultry market development cooperator.

U.S. eggs are reported superior to local eggs in size, cleanliness, and packaging, and competitive with eggs from Australia, South Africa, and other supplying countries.

## FRUIT, NUTS, AND VEGETABLES

### Taiwan Pineapple Pack Up

Taiwan reports a larger 1973 canned pineapple pack. Production was reported at 3.2 million standard cases (45 lb. net), 6 percent above the 1972 pack of 3 million cases, but 22 percent below the 1966-70 average. The 1974 production target has been set at 4 million cases, the highest since 1971.

Current plans call for larger 1974 canned pineapple exports. Calendar 1973 exports exceeded production and totaled 3.4 million cases. Major markets are the United States, West Germany, Japan, the Netherlands, and Canada.

### Drop Seen in Brazil Nut Crop

Due to wet weather during pollination plus the expected traditional off year in the production cycle, the 1974 Brazil nut crop is forecast at only 28,000 metric tons (in-shell basis). This represents a 53 percent reduction from the 1973 estimated level of 60,000 tons.

Exports of Brazil nuts for 1973 are estimated at 47,500 tons. Data on stocks and domestic consumption are virtually nonexistent. According to the trade, consumption is trending upward despite rapidly increasing prices.

### U.S. Customs To Investigate Spanish Olive Imports

The U.S. Customs Service on July 16 issued a notice that it will begin formal investigation of a complaint that the Government of Spain is bestowing a special export "assist" on bottled olives moving to the United States. Interested parties have 30 days to submit their views.

The complaint was filed by the Bottled Olive Association, which consists of U.S. firms that import and bottle bulk olives in the United States. It is only recently that the industry has assumed a greater share of the bottling operation.

## COTTON

### June Cotton Exports Push Season Total Above 5 Million Bales

U.S. exports of raw cotton in June 1974 totaled 496,000 running bales and brought the total for the first 11 months of the 1973-74 season to 5.3 million. Cumulative shipments were 15 percent above those for the same period last season, representing the highest August-June total since 1960-61, when 6.3 million bales were exported. Total 1973-74 season exports are estimated at 6.1 million bales (480 lb. net), a 15 percent increase over 1972-73 exports.

June exports of 39,000 bales to European destinations, about 8 percent of the total, were 11 percent lower than shipments in June 1973. Cumulative August-June shipments of 714,000 bales to European destinations were the second highest since 1967-68, but 34 percent less than the 1.1 million shipped in the same period last season.

June shipments of 457,000 bales to non-European destinations were up fractionally from June 1973. The cumulative August-June total to non-European destinations was 4.6 million bales, 30 percent more than that for the same months in 1972-73.

### Greece Modifies Cotton Import Restrictions

With the publication of Decree No. 477/74 on June 26, 1974, the Government of Greece introduced several measures to protect the local cotton industry and encourage the export of yarn and cloth. The decree removes restrictions on the import of raw cotton (cotton was included March 7 on the "Table A" commodity list subjecting it to import licensing); introduces a 2-percent ad valorem duty on raw cotton imports, which together with a stamp duty and other taxes raises the effective ad valorem duty to 6 percent; and increases the refunds of interest charged against exports of cotton goods. Long staple varieties purchased only by spinners will continue to enter the country duty-free.

This latest official involvement in the raw cotton trade closely follows downward statistical revisions of the current crop, as well as preliminary forecasts of lower-than-expected production in 1974-75 because of cool wet weather at planting time. Revisions of the current crop now place 1973-74 production at about 495,000 bales (480 lb. net), or about 14 percent lower than expected. With regard to the upcoming 1974-75 crop, production forecasts now call for an outturn of approximately 540,000 bales, down considerably from the earlier estimates of over 600,000 bales.

## GENERAL

### Philippines Issues Trade Restrictions

The Philippines Government recently has taken steps to consolidate its predominant market position in coconut oil, sugar, and plywood.

A 2-day ban imposed on coconut oil exports was followed by the announcement on August 1 that contracts entered into before July 31 would be honored and exports permitted, but no new export licenses would be issued pending reorganization of the coconut industry under a Government marketing board.

To sustain the current price for coconut oil—400 percent above traditional levels—the board will set up a system of reference prices for sale and export of coconut oil. The Philippines has a virtual global monopoly on coconut oil production and supplies 99 percent of U.S. imports.

In previous action on May 12 the Government nationalized the marketing of sugar, naming the Philippines National Bank as the sole purchasing and selling agent for sugar.

The Government also has moved to control the market situation for logs, lumber, and wood products. Falling prices have led to Government subsidy programs for the plywood industry. Furthermore, the Government has proposed the creation of a lumber cartel composed of several southeast Asian Countries.

Correction: Purchase of U.S. Hard Red Winter wheat by New Zealand given on line one of "New Zealand Buys U.S. Wheat," page 15, July 29, 1974, should read 13,000 tons.

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## COSTA RICA PROMOTES COTTON PRODUCTION

After about a decade in which Costa Rican cotton production quadrupled and then fell off to nothing, the Government has inaugurated a campaign which may achieve cotton self-sufficiency by 1974-75 with some for export. Costa Rica's cotton outturn rose from 5,000 bales in 1960-61, peaked at 22,000 bales in 1965-66, but dropped precipitiously to zero in 1971-72.

Local demand for cotton is around 7,000-9,000 bales annually, and if the estimated 1974-75 outturn of 10,000 bales is realized, Costa Rica would have enough fiber for its own needs with a slight surplus. Some small amounts of special-quality cotton could still be imported, however, but large scale imports from Nicaragua would be cut off.

The cotton promotion program, sponsored by the Ministry of Agriculture and Livestock and the national banking system, will make credit and technical assistance easier to obtain. Higher world prices have also been a factor in causing the recovery.

Climate, weather, disease, and competition for land have been factors in the decline of cotton output. Normally planted during August, the cotton is often subject to severe floods before the January harvest. High water often increases the incidence of disease.

During 1973-74, 17 farmers planted about 2,500 acres to cotton. This was an increase of 13 farmers and more than 2,100 acres in area. For 1974-75, it is estimated that around 6,900 acres will be seeded to cotton.

Costa Rica's cotton raising is concentrated on the Nocoya Peninsula on Costa Rica's Pacific coast.

## Italy's Rice Output, Exports High

*Continued from page 9*

ord levels on world markets.

Within Italy, the National Rice Board—Ente Nationale Risi (ENR)—has been designated as the intervention agency, charged with buying rice at support prices. Rice growers complained of rice stock buildup, estimated at 200,000-300,000 tons at the end of the current marketing year, unless EC export controls were relaxed. Late in 1973, the EC imposed a tax on rice exports to third countries to assure member countries rice at lower than world market prices.

The rapid change in world rice markets in 1973, with their higher prices, greatly reduced ENR price support functions. However, the situation could change rapidly.

## Hong Kong Doubles Imports Of U.S. Farm Products

*Continued from page 4*

square-mile area called the New Territories, leased from China in 1898 for a period of 99 years. Intensive use of about 30,000 acres in the New Territories produced crops and livestock products valued at more than $140 million in 1973.

International trade, services for foreigners, and tourism are important aspects of Hong Kong's thriving economy. Real economic growth in 1974 is likely to increase about 7 percent. The GNP is expected to approach $6 billion this year, with 39 percent from manufacturing and only 3 percent from agriculture. Over 90 percent of the rising industrial output is exported.

Hong Kong has grown into an efficient industrial center. Its economic policy of free trade and minimum Government regulation of private enterprise has attracted a large influx of foreign investment. Most items can be imported duty free.

The energy crisis has not adversely affected Hong Kong's economy, because of rising imports of petroleum products from a nearby source—the PRC. Growing imports of relatively low-cost food and various raw materials from this source have also helped to lessen Hong Kong's rate of inflation.



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